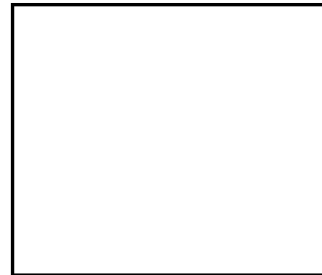


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Developments in Indochina

Confidential

122

22 May 1973
No. 2018/73

25X1

Approved For Release 2005/06/09 : CIA-RDP85T00875R001100010046-5

Approved For Release 2005/06/09 : CIA-RDP85T00875R001100010046-5

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Developments in Indochina

25X1

CONTENTS

22 May 1973

SOUTH VIETNAM 1

On 20 May, Thieu outlined the government's projections for post-war economic recovery and development, which call for the attainment of economic self-sufficiency by 1980. The government may be preparing to crack down on political factions that are now illegal following the expiration last March of the deadline for meeting the terms of the decree on political parties.

CAMBODIA. 3

The Khmer Republic's new cabinet will probably carry out the High Political Council's bidding and offer few innovations in carrying out the council's policies.

NORTH VIETNAM 5

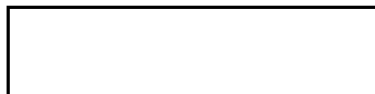
Hanoi is putting increased emphasis on reconstruction goals and is apparently formulating guidelines on how to use its manpower pool to rebuild the country and expand the economy.

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SOUTH VIETNAM

Thieu Sets Forth Postwar
Economic Program



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In a TV and radio speech on 20 May, President Thieu made public the government's projections for postwar economic recovery and development, which call for attainment of economic self-sufficiency by 1980. Thieu emphasized the establishment of several funds for refugee relief and for private investment support, and the need to curtail domestic consumption as a basis for future economic growth. Specific foreign support requirements were not mentioned in the speech, but large amounts of Free World aid would be needed to achieve the extremely ambitious 1980 targets.

The speech summarizes a detailed set of postwar economic forecasts, first presented by President Thieu during his April trip to the US. These call for the gross national product to grow at an average annual rate of 7.5 percent during 1973-80 with the rate accelerating from 5 percent in 1973 to 9 percent in 1977-80. Tables accompanying the projections presented at San Clemente indicate that about \$4 billion in foreign assistance would be required from foreign sources to sustain projected import levels. This amount does not, however, include provisions for imports needed to support reconstruction and specific project development. These uses could, according to GVN estimates, account for an additional \$4 billion of foreign and domestic resources over the period.

Although the government program represents a good first effort to chart out the country's economic goals and requirements, it is not an integrated economic plan because of unrealistically high targets and numerous gaps in sectoral details and import patterns. Thieu's decision to announce the projections--coupled with recent economic and government reform measures--suggests that current economic policies will be based on principles outlined in the San Clemente package even without firm commitments of foreign assistance and assurances of implementation of the cease-fire agreement.

22 May 1973

CONFIDENTIAL

CONFIDENTIAL

K1 The announcement of the economic program apparently represents the first step in a series of measures designed to improve the government's standing in the countryside. Further announcements of a government reorganization and administrative reforms are expected soon. [REDACTED]

Status of Political Parties [REDACTED]

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The government may be preparing to crack down on illegal political factions following the expiration last March of the deadline for meeting the terms of the decree on political parties. The official Vietnam press reported last week that the Interior Ministry has ordered the dissolution of some 26 parties, most of which previously enjoyed full legal status. The delay in issuing such an order indicates that the government does not regard the factions as much of a threat, and it is still not clear how strictly the measure will be enforced. The ministry asserted, however, that the only remaining parties are the government's Democracy Party and two independent coalitions that have provisional status, the Freedom Party and the Social Democratic Alliance.

Most of the factions affected by the order have little political clout, but some, such as the Revolutionary Dai Viet Party and elements of the Vietnamese Nationalist Party, have long been fixtures on the Saigon political scene. Many of these groups have continued to operate as usual since March, and they may still hope that the government will ignore them. At least a few factions have indicated that if the government tries to force them out of business, they will try to go underground to survive.

Both the Freedom Party and the Social Democratic Alliance are still facing serious internal problems that may render them unable to meet the provisions necessary to achieve full legal status as required by early next year. Neither group has done much to organize outside of Saigon, but the Alliance is trying to arrange financing to go ahead with organizational work. [REDACTED]

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22 May 1973

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CAMBODIA

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The New Cabinet

On 16 May 1973 the new cabinet of the Khmer Republic was officially presented to President Lon Nol. The cabinet includes members of all of the country's major non-Communist political parties or groups. Its installation was preceded by several weeks of maneuvering on the composition of the cabinet among members of the ruling four-man High Political Council--Lon Nol, Sirik Matak, In Tam, and Cheng Heng. This maneuvering caused some dissension within the council, which may indicate that the council will have difficulty governing harmoniously and effectively.

The majority of the posts in the new cabinet went to men who are either members of Lon Nol's Socio-Republican Party or are generally considered loyal to the President. Most of them have contacts with other prominent political figures, however, and seem sufficiently flexible to change their political allegiance if future events warrant. Several ministers, for example, have long-standing political ties to former prime minister Son Ngoc Thanh.

The cabinet includes 13 holdovers from the previous government headed by Hang Thun Hak. Many received advanced education or training in France, and two are US-educated. Six of the ministers are in their thirties, but most are over 45. Although most of the new ministers have had prior government experience, their performances have generally been rather undistinguished. As technicians, they can be expected to do the council's bidding and offer few innovations in carrying out the policies and programs laid down by the council.

22 May 1973

CONFIDENTIAL

CONFIDENTIAL

Council member In Tam, who also heads the cabinet in his capacity as prime minister, has indicated that the council and the cabinet will tackle an ambitious program that includes: reorganization of the army and restoration of its discipline, designation of a commander in chief responsible to the government, gradual replacement of military province governors by civilians, creation of a police force under the ministry of interior, stabilization of the exchange rate, financial austerity, and national reconciliation. The last goal, which involves contacts with the Khmer Communists, is the responsibility of a special ministry.

25X1

22 May 1973

-4-

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NORTH VIETNAM

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North Vietnam is putting increasing emphasis on reconstruction goals. Premier Pham Van Dong's May Day speech focused on this theme and General Giap echoed the same line by hinting that the North Vietnamese Army would play a prominent role in the reconstruction.

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the rhetoric has been converted into specific guidelines on how North Vietnam envisages using its manpower pool to rebuild the country and expand the civilian sector of the economy.

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billboards had appeared in the capital urging young men to join "reconstruction brigades." The signs apparently replaced military recruitment posters and may indicate that the reconstruction program has a higher priority than conscription. An editorial in the army newspaper on 16 May suggests that local militia and self-defense forces will be the first military units to join in the reconstruction effort. The editorial urged these units to serve as the "shock forces in labor productivity" and to take on especially difficult and long-term works "such as the building of irrigation projects, reclamation of fallow land, and expansion of the cultivated area."

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North Vietnam's reconstruction plans also include recently demobilized troops--many of them handicapped as a result of combat. The North Vietnamese media have recently acknowledged that larger numbers of sick and wounded troops are now showing up in the North than ever before. They urge localities to care for the veterans and help them to contribute to the restoration of the economy by establishing handicraft industries for them.

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The North Vietnamese leadership expects difficulties in the transition toward a civilian economy, and they probably will proceed slowly with their plans for reconstruction and expansion.

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22 May 1973

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